

107TH CONGRESS
1ST SESSION

H. R. 2981

To amend the Internal Revenue Code of 1986 to establish a 2-year recovery period for depreciation of computers and other technological equipment, a 24-month useful life for depreciation of computer software, and a 7-year useful life for depreciation of certain auction-acquired telecommunications licenses.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 2001

Mr. UPTON (for himself, Mr. GREEN of Texas, Mr. BURR of North Carolina, Mr. GILLMOR, Mr. TAUZIN, Mr. STEARNS, Mr. GREENWOOD, Mr. BARTON of Texas, Ms. HARMAN, Mr. CAMP, Mr. ARMEY, Mr. RAMSTAD, Mr. BASS, Mr. BILIRAKIS, Mr. LAHOOD, Mr. RADANOVICH, Mr. SMITH of New Jersey, Mr. SESSIONS, Mr. PORTMAN, Mr. BOEHNER, Mr. WHITFIELD, Mr. HOEKSTRA, Mr. OSE, Mr. BOEHLERT, Mr. BOUCHER, Mr. GOODLATTE, Mrs. KELLY, Ms. PRYCE of Ohio, Mr. DREIER, Ms. DUNN of Washington, Mr. FOLEY, Mr. TOM DAVIS of Virginia, Mrs. BONO, Mr. DELAY, Mr. WATTS of Oklahoma, and Mr. SHIMKUS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to establish a 2-year recovery period for depreciation of computers and other technological equipment, a 24-month useful life for depreciation of computer software, and a 7-year useful life for depreciation of certain auction-acquired telecommunications licenses.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. 2-YEAR APPLICABLE RECOVERY PERIOD FOR**
 4 **DEPRECIATION OF COMPUTERS AND OTHER**
 5 **TECHNOLOGICAL EQUIPMENT.**

6 (a) 2-YEAR APPLICABLE RECOVERY PERIOD FOR
 7 QUALIFIED TECHNOLOGICAL EQUIPMENT.—

8 (1) IN GENERAL.—Paragraph (1) of section
 9 168(c) of the Internal Revenue Code of 1986 (relat-
 10 ing to applicable recovery period) is amended by in-
 11 serting before the first item in the table the fol-
 12 lowing new item:

“Qualified technological equipment 2 years”.

13 (2) CONFORMING AMENDMENT.—Section
 14 168(e)(3)(B) of such Code (relating to 5-year prop-
 15 erty) is amended by striking clause (iv).

16 (b) 2-YEAR RECOVERY PERIOD UNDER ALTER-
 17 NATIVE DEPRECIATION SYSTEM FOR TAX-EXEMPT USE
 18 PROPERTY, ETC.—Subparagraph (C) of section 168(g)(3)
 19 of such Code (relating to alternative depreciation system
 20 for certain property) is amended by striking “5 years” and
 21 inserting “2 years”.

22 (c) DEFINITION OF QUALIFIED TECHNOLOGICAL
 23 EQUIPMENT.—

24 (1) IN GENERAL.—Subparagraph (A) of section
 25 168(i)(2) of such Code is amended by striking

1 “and” at the end of clause (ii), by striking the pe-
2 riod at the end of clause (iii) and inserting a comma,
3 and by adding at the end the following:

4 “(iv) any wireless telecommunications
5 equipment,

6 “(v) any advanced services equipment,
7 and

8 “(vi) any network or network system
9 equipment.

10 (2) WIRELESS TELECOMMUNICATIONS EQUIP-
11 MENT, ETC.—Paragraph (2) of section 168(i) of
12 such Code is amended by adding at the end the fol-
13 lowing:

14 “(D) WIRELESS TELECOMMUNICATIONS
15 EQUIPMENT.—The term ‘wireless telecommuni-
16 cations equipment’ means all equipment (other
17 than towers, buildings, and T–1 lines (cabling))
18 used in the transmission, reception, coordina-
19 tion, or switching of wireless telecommuni-
20 cations service. For this purpose, ‘wireless tele-
21 communications service’ includes any commer-
22 cial mobile radio service as defined in title 47
23 of the Code of Federal Regulations.

24 “(E) ADVANCED SERVICES EQUIPMENT.—
25 The term ‘advanced services equipment’ means

1 equipment, excluding cabling, used in the provi-
 2 sion of Internet or electronic communications
 3 access services or support, or which supports
 4 access to electronic media and data and associ-
 5 ated communications support, provided that
 6 such services or support constitute or directly
 7 contribute to the provision of advanced tele-
 8 communications capability as that term is de-
 9 fined in section 706(c)(1) of the Telecommuni-
 10 cations Act of 1996.

11 “(F) NETWORK OR NETWORK SYSTEM
 12 EQUIPMENT.—The term ‘network or network
 13 system equipment’ means any information tech-
 14 nology equipment, including computer servers,
 15 hubs, bridges, switches, and routers, which are
 16 interconnected so as to enable computers and
 17 peripherals to communicate with each other ei-
 18 ther individually or as a single unit.”.

19 (d) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to property placed in service after
 21 the date of the enactment of this Act.

22 **SEC. 2. 24-MONTH USEFUL LIFE FOR DEPRECIATION OF**
 23 **COMPUTER SOFTWARE.**

24 (a) IN GENERAL.—Subparagraph (A) of section
 25 167(f)(1) of the Internal Revenue Code of 1986 (relating

1 to computer software) is amended by striking “36
2 months” and inserting “24 months”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to property placed in service after
5 the date of the enactment of this Act.

6 **SEC. 3. 7-YEAR USEFUL LIFE FOR DEPRECIATION OF CER-**
7 **TAIN AUCTION-ACQUIRED TELECOMMUNI-**
8 **CATIONS LICENSES.**

9 (a) 7-YEAR USEFUL LIFE.—Section 167 of the Inter-
10 nal Revenue Code of 1986 (relating to depreciation) is
11 amended by redesignating subsection (h) as subsection (i)
12 and by inserting after subsection (g) the following new
13 subsection:

14 “(h) TREATMENT OF CERTAIN AUCTION-ACQUIRED
15 TELECOMMUNICATIONS LICENSES EXCLUDED FROM SEC-
16 TION 197.—

17 “(1) IN GENERAL.—If a depreciation deduction
18 is allowable under subsection (a) with respect to an
19 auction-acquired telecommunications license, such
20 deduction shall be computed by using the straight
21 line method and a useful life of 7 years.

22 “(2) AUCTION-ACQUIRED TELECOMMUNI-
23 CATIONS LICENSE.—For purposes of this subsection,
24 the term ‘auction-acquired telecommunications li-
25 cense’ means any license granted through a competi-

1 tive bidding system under section 309(j) of the Com-
2 munications Act of 1934 (47 U.S.C. 309(j)).

3 (b) EXCLUSION FROM SECTION 197.—Subparagraph
4 (D) of section 197(d)(1) of such Code (defining section
5 197 intangible) is amended by inserting before the comma
6 the following: “(other than an auction-acquired tele-
7 communications license (as defined in section 167(h)) with
8 respect to which a depreciation deduction is allowable
9 under section 167(a))”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to property placed in service after
12 the date of the enactment of this Act.

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